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# The Changed Market for U.S. Cigar Leaf Tobacco

U.S. DEPARTMENT OF AGRICULTURE ECONOMIC RESEARCH SERVICE

CONTENTS


| | Page |
|---|---|
| Summary | 2 |
| Introduction | 4 |
| Innovations in the cigar industry | 4 |
| Tobacco consumption | 6 |
| Manufacturing cigars and scrap chewing tobacco | 9 |
| Estimated cost of manufacturing cigars | 14 |
| Market demand for cigar tobacco | 15 |
| Literature cited | 20 |
| Appendix | 22 |


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## SUMMARY


Two main advances in cigar manufacturing in the last decade have been the increased use of short filler in cigars and the development of reconstituted tobacco sheet. Both have substantially reduced labor costs in the production of cigars. They have also made the use of tobacco in cigars more efficient. When short filler and sheet are used instead of long filler and natural binder and wrapper, the manufacturer can blend to more exact specifications.

Total tobacco consumption has grown with the population, but per capita consumption of tobacco in all forms has varied little since World War II. There have been significant shifts, however, in the forms in which tobacco is consumed. These shifts occurred during wars and with changes in the social attitude toward tobacco consumption; for example, toward women smoking cigarettes. Because each type of tobacco is used mainly for one or two consumer products, the shifts in the form of tobacco consumption have influenced the demand for individual types of tobacco.

The percentage of total tobacco consumed in the form of cigars and scrap chewing tobacco has fallen off greatly in the past 40 years. The absolute quantity used in those forms in the past decade was less than half that of the decade after 1920. Since then, cigarettes have become the dominant form of tobacco consumption.

A change which is likely to increase the demand for cigar types of tobacco is the concern over the relation between cigarettes and health. The 1964 report to the Surgeon-General on tobacco and health states that "Men smoking less than five cigars per day have death rates about the same as nonsmokers." It cannot be determined whether or not this will cause many cigarette smokers to switch to smoking cigars.

The effect of any increase in cigar consumption on the market for domestic cigar leaf will depend not only on the increase in the number of cigars, but also on the size of the cigars and on the blends of tobacco used. Small cigars (those weighing less than 3 pounds per 1,000) require an average of 4 pounds or less of tobacco as sold by the grower. Cigarillos (weighing more than 3 pounds per 1,000, but less than 10 pounds) require an average of 12 pounds, and cigars weighing 10 pounds or more per 1,000 require 29 pounds.

About two-thirds of the tobacco used to produce cigars in 1960-61 was domestic leaf tobacco; the other third consisted of imported tobacco, tobacco sheet (reconstituted tobacco), and blended tobacco not identified by type. Scrap chewing tobacco is made from domestic cigar leaf.

Cigar leaf tobacco in the United States is used exclusively in the production of cigars and scrap chewing. Hence, the demand for different types of cigar leaf results directly from the manufacturers' decisions on the brands and subbrands they will market and the type of tobacco needed for them. These marketing decisions are based on total manufacturing and distribution costs, and on expected volume of sales and profits. Most manufacturers of cigars and scrap chewing tobacco now conduct tests, trials, and more elaborate forms of research to help them estimate costs and sales volume.

Wages, the prices of machinery and supplies, and other input costs often are determined in the broader economic market. Although the prices of these inputs have generally increased since World War II, cigar manufacturers have held down costs through technological advances.

Reconstituted tobacco sheet has affected both the quantity and price of the binder and wrapper types of tobacco. Many new brands, placed on the market to attract people who are shifting from cigarettes, have sheet wrapper.

Other recent developments that affect the market for domestic cigar leaf are: (1) the increase in the proportion of the smaller sizes of cigars, (2) the successful use of tobacco from the Caribbean islands (excluding Cuba) and other Latin American countries since the 1962 U.S. embargo on Cuban tobacco, and (3) the increase in tobacco from the Philippines.

# THE CHANGED MARKET FOR U.S. CIGAR LEAF TOBACCO

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## INTRODUCTION

Cigar leaf tobacco is used in the manufacture of cigars and scrap chewing tobacco. This report describes some of the changes in the cigar industry and analyzes their effects upon the demand for and supply of cigar leaf.

Manufacturers exert considerable influence over the functioning of demand and supply forces in the cigar leaf and scrap chewing tobacco markets. Collectively, the management decisions and actions of manufacturers determine the quantity of each type of tobacco purchased and the price paid. Factors that the manufacturers must take into consideration in filling their tobacco requirements are consumption, use by types, tobacco required per unit of product, and costs of manufacturing cigars.

As in almost all industries, the number of firms producing cigars and scrap chewing tobacco has declined over the years, while the volume of the remaining firms has increased. In 1964, seven firms produced over 70 percent of the cigars while four firms produced over 90 percent of the scrap chewing tobacco. Consequently, manufacturing firms are beginning to show greater concern for competitors' actions and reactions.

The individual grower has little influence on the supply of cigar leaf tobacco. Except for Government quotas and marketing agreements, growers as a group have no procedures for controlling the supply being marketed. Government quotas are in effect for all cigar leaf tobacco types except Pennsylvania seed leaf, Connecticut shade, and Florida shade. Federal legislation does not provide for price support and marketing quotas for Connecticut and Florida shade grown tobacco. The growers of Florida shade have a marketing agreement which affects the quality--and hence only indirectly the supply--of that type.

## INNOVATIONS IN THE CIGAR INDUSTRY

Two developments in the manufacture of cigars are having a marked effect on the use of cigar leaf tobacco and on cigar costs. One is the rapid expansion in the production of short-filler cigars--those with the filler or body of the cigar composed of small pieces. The other is the use of the tobacco sheet for binders and wrappers.

The manufacture of short-filler cigars began in the late 19th century. At first all operations, including the making of the filler, then called scrap, were performed by hand. Today the manufacture of short-filler cigars is greatly mechanized, allowing a saving in labor costs. Stems are removed by threshing, the least expensive method of removing them. In addition, only one or two operators are needed on a short-filler machine, while four are needed on a long-filler cigar machine. Thus, the rapid proportional increase in the production of short-filled cigars--from about 50 to 90 percent in less than 10 years--is significant (6). 1/

1/ Underscored numbers in parentheses refer to items in the Literature Cited, p. 20.

The use of tobacco sheet for binders since 1955 has reduced labor requirements even further. The sheet binder is placed on the cigar automatically, replacing one of the operators on the filler machine.

The effects of these changes on labor requirements for producing cigars were brought out in a study by the Bureau of Labor Statistics. As late as 1955, 64 percent of cigar-machine operators were on four-position machines making long-filler cigars. If these operators were as fully employed as the 36 percent working on two-position machines, about half the cigars were long-filler. By 1961, less than one-fourth of the operators were on machines making long-filler cigars, and, on the same assumption, less than one-tenth of the cigars were long-filler. There were no operators working on short-filler cigars with sheet binder--operators on one-position machines--reported in the 1955 study. Some cigars were made with sheet binder in 1955, though mostly on a trial basis. Some of these were placed by hand by the binder layer. In 1961, over half the operators were reported on one-position machines. From these data it would appear that sheet binders were used on 80 to 85 percent of the cigars in 1961.

Data from the Bureau of Labor Statistics show that the changes from 1955 to 1961 in the number of operators of the various machines were as follows:

| Type of machine | Operators | |
|---|---|---|
| | 1955 | 1961 |
| | Number | |
| Total | 13,061 | 7,416 |
| 4-position machines | 8,403 | 834 |
| 3-position machines | -- | 1,001 |
| 2-position machines | 4,658 | -- |
| 1-position machines | -- | 4,279 |

The basis for estimates of the proportion of cigars with sheet binder and short filler given above is the assumption that all groups of operators were employed to the same extent. Members of the industry say that with average operators there is not a significant variation in the capacity of the different machines requiring different numbers of operators. The capacity of each machine depends to a large degree on the speed with which it is operated. The speed will vary depending upon the skill and dexterity of the operators.

The production of cigars requires a number of other workers, including machine adjusters, floormen, inspectors, and banding and poly film wrapping operators. The total of all production workers making cigars declined 42 percent between 1954 and 1962--from 38,000 to 22,000. During the same period, the production of cigars weighing over 3 pounds per 1,000 increased 11 percent, raising the number of cigars produced per worker from 159,000 to 301,000 annually. Hourly wages increased from $1.15 to $1.55 during this time, partly offsetting the lowered cost from the increased production per worker. The labor cost per 1,000 cigars declined from $13 to $8.85 from 1954 to 1962 (5). For each $100 return to the manufacturer, labor costs fell from $23 to $16 (7).

Another significant advantage in the use of short filler and sheet binder is greater flexibility in the blending of tobacco. The smaller tobacco particles in short filler

make it possible to vary the proportions of different tobaccos to more exact specifications and to blend these more uniformly than when long filler is used. These developments have made it easier for cigar manufacturers to replace the Cuban tobacco embargoed in February 1962. A number of modifications of blends have been made, and new brands and subbrands have been placed on the market to attract different groups of consumers not smoking existing brands of the firm. These changes in cigars are examples of the cumulative effects of changes in processing.

Other effects of the use of tobacco sheet are that less expensive tobacco can be used and that less tobacco is required, especially for the binder for any given number of cigars. Tobacco used for natural binders was among the higher-priced tobacco. Leaves for natural binders must be free of holes or serious defects and relatively thin and elastic. These requirements are not necessary for the tobacco for the sheet binder; thus, lower cost tobacco can be used. Only a small part of the reduction in tobacco requirements is the result of the material added, like adhesives. The savings in tobacco come from the use of all the leaf, including stems and small particles of tobacco. Where the grower sold 5 1/2 pounds for the binders of 1,000 cigars 10 years ago, only 2 pounds of tobacco, in farm sales weight, is required now for the sheet binder.

These savings in the cost of manufacturing cigars show up in the annual reports of the cigar companies. Company accountants use the term "cost of goods sold," to represent the sum of the cost assigned directly to the production of the cigars. For a group of manufacturers whose sales account for about half the value of all cigars sold, the cost of goods sold fell from 74 percent of sales in 1958 to 67 percent in 1963. Sales, administrative, and other general expenses increased from 17.1 to 23.1 percent in the same period. Earnings from 1950 to 1955 were 7.7 percent of sales before income taxes and 3.5 percent after taxes. The percentage return for 1958-63 was 9.2 percent before income taxes and 4.6 percent after taxes. It is not implied that the higher percentage returns were accounted for solely by the savings in labor and tobacco costs. Efficiencies in production and increased volume of sales also helped in attaining these returns.

## TOBACCO CONSUMPTION

Strongly influencing the demand for the different types of tobacco is the popularity of the form in which the tobacco is used. None of the cigar types are used in cigarettes, which are by far the most popular tobacco product today. Cigarette consumption comprises 83 percent of the tobacco consumed domestically in the United States, compared with 11 percent for cigars and scrap chewing tobacco. The popularity of the various forms of tobacco has changed over the years. The report to the Surgeon General on smoking and health may affect the use of tobacco, especially the relative importance of the different forms.

The USDA Consumer and Marketing Service estimated that the percentage of tobacco consumed in products in 1963 was:

| | Percent |
|---|---|
| Cigarettes | 82.6 |
| Cigars | 9.4 |
| Smoking tobacco | 3.3 |
| Chewing tobacco | 3.0 |
| Snuff | 1.7 |
| All products | 100.0 |

The average amount of tobacco used per person 18 years and older during any year from 1925 to 1940 was within 1 pound of the 15-year average of 9.32 pounds, except for 1933. Again, from the close of the war to the present, the per capita consumption of tobacco in all forms has been remarkably stable, varying less than 1 pound in any year from the average of 12.15 pounds (fig. 1). The stability of the per capita tobacco consumption indicates what is generally assumed--that cigarettes replaced other forms of use.

Total tobacco consumption per capita increased 30 percent from before World War II to the postwar period. The greater number of women smoking cigarettes since 1940 accounts, to a great extent, for this increase. In 1955, women constituted about one-third of all smokers (4, pp. 1, 64). The use of tobacco in all forms since World War II is probably more general among men also. In addition, there appears to be a larger proportion of smokers who begin in their early teens.

Cigars are, and have been for years, the second most important form in which tobacco is consumed. During the latter half of the 19th century and the first two decades of the 20th, in terms of tobacco consumed other than in cigarettes, cigars were exceeded only by the combined forms of chewing tobacco. The importance of chewing tobacco and cigars in the share of tobacco consumption has declined drastically, however.

Cigars comprised less than one-tenth of all tobacco used in the United States in 1963. In 1964, a peak of 9.1 billion cigars were consumed, compared with the earlier peak in 1920 of 8.5 billion. The increased popularity of cigarettes during the 1920's reduced the total number of cigars consumed as well as their relative importance. Another sharp decline in cigar consumption occurred with the depression of the

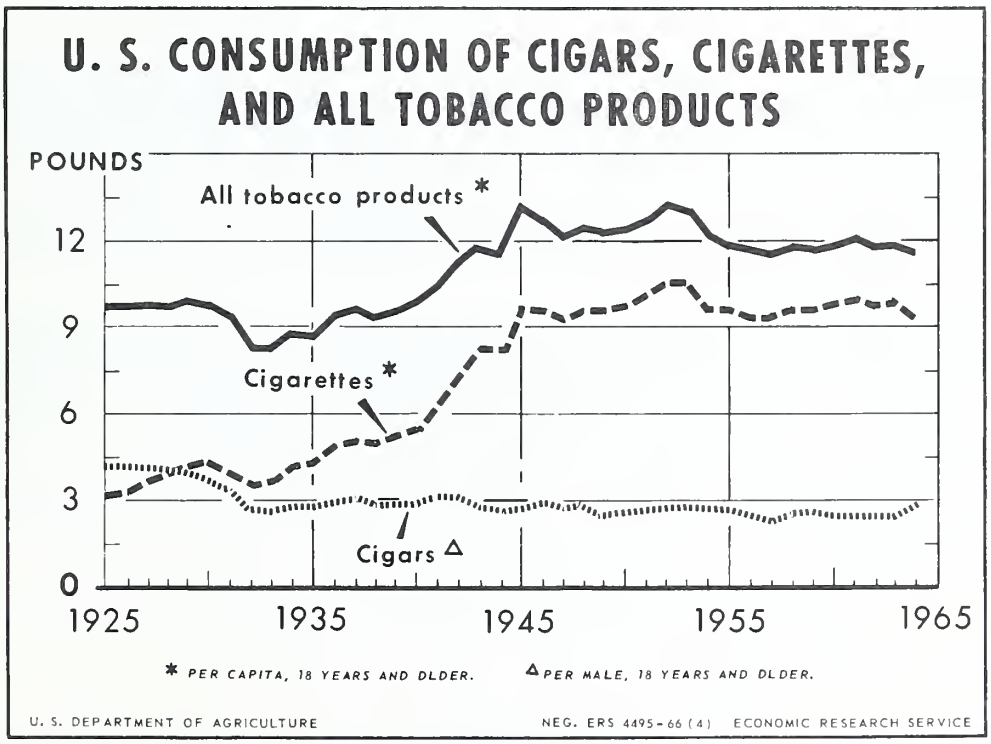


Figure 1

1930's. The economic recovery which followed brought the number to 5.5 billion. Then from the midthirties to the midfifties cigar consumption remained within a range of 5.5 to 6 billion. The number of cigars smoked by males, 18 years old and over, has increased in recent years. Total cigars consumed increased from 7.1 billion in 1960 to 9.1 billion 1964--a rate of 154 cigars per male 18 years or over (9, table 152) (10, table 159).

Regular smokers of cigars consume about one-fifth more tobacco annually than regular cigarette smokers. In 1954, regular cigar smokers consumed an average of 21.2 pounds annually of unstemmed tobacco (3.1 cigars a day) compared to 17.8 pounds (21.5 cigarettes a day) for cigarette smokers. Occasional cigar smokers average about 4 cigars a week. But cigar consumption is limited almost entirely to men, which is far from the case for cigarettes. In 1954, an estimated 4 million men smoked cigars regularly every day, and 9 million smoked cigars occasionally.

The term cigar when used alone usually means large cigars, and the statistics covering cigars usually refer to them. Small cigars weighing no more than 3 pounds per 1,000 are taxed separately. Such cigars are about the size of king-sized cigarettes. Small cigars were important outlets for cigar leaf tobacco during the World War I when nearly a billion were consumed annually. Their consumption declined to 49 million in 1957. There has been a substantial increase, especially after the Surgeon General's report. In 1964, 940 million small cigars were removed tax-paid, almost 3 1/2 times the number for the previous year (12, table 20).

Preferences of cigar smokers and tobacco chewers are complex and vary considerably among individuals; often, an individual's taste changes over time also. A cigar that appeals to some smokers will not satisfy others. Cigar consumers have the widest range of choice of any consumers of tobacco products. The Retailers' Almanac lists over 1,000 brands and sizes of cigars (3, pp. 40-41, 43-65).

Most large cigars vary in weight from about 7 to 20 or more pounds per 1,000. The most popular cigars average 16 pounds per 1,000. The trade classifies cigars weighing over 3 pounds but less than 10 pounds per 1,000 as cigarillos. Cigar manufacturers have turned to the production of the smaller cigars to attract new smokers. A substantial part of the increase in consumption in recent years has been of cigarillos and other cigars of less than average weight. The result has been that the increase in the number of cigars has not resulted in an equivalent increase in the use of tobacco (11, pp. 30, 7).

Large cigars are classified for excise-tax purposes by intended retail price. There are seven price classes designated by the first seven letters of the alphabet. Class A sells for 2 1/2 cents or less per cigar, Class G for over 20 cents each. The largest number consumed fall in Class C. These cigars sell for over 4 cents up to and including 6 cents, mostly at 5 and 6 cents each. The second largest volume consumed fall in Class E, over 8 cents through 15 cents. Within this class, 10-cent-cigar sales are highest, followed by the 2-for-25-cents and the 15-cent sales in substantial volume.

The importance of price to the manufacturer is shown by two comparisons. In 1964, 95 percent of all cigars sold for 15 cents or less, and nearly 62 percent sold for 8 cents or less (12, table 21).

Most manufacturers produce several brands of cigars. A brand name may refer to cigars identical as to size, color, shape, and blend of tobacco, or to groups of cigars, which may vary in one or more of these characteristics. These groups have identifying

names or trade marks; for example, brand A blunt, brand A panatela, brand A tips. The purpose of the group names is to enable the smoker to identify the characteristics he seeks in a cigar with a particular brand name. The manufacturer hopes by differentiating his cigars from all other cigars to have the consumer repeat his purchases of the given brand or subdivision of the brand.

The blend, the proportions of selected tobaccos combined for each brand, is the important trade secret of the manufacturer. Frequently the term "blend" is used to refer to the combination and proportions of tobaccos making up the filler of the cigar. In this report the term refers to the combination and proportion of all the tobaccos in the cigar. These include the tobaccos in the binder and the wrapper in addition to the filler.

Scrap chewing tobacco consists of irregular pieces of tobacco, some heavily flavored, some sweet, and some plain. Its use began with cigar makers chewing the "cuttings," or scrap pieces of the tobacco leaf remaining after the binders and wrappers for cigars were cut out of the stemmed half leaf. Scrap chewing became an important use for tobacco during the latter part of the 19th century. Its consumption increased fairly rapidly until about 1926, when an estimated 80 million pounds were consumed. When the supply of cuttings became too small the manufacturers began to buy additional tobacco especially for use in scrap chewing as they do today.

Since World War II, scrap chewing consumption had decreased steadily. In 1964, 34 million pounds were consumed--less than half the 1926 consumption (10, table 159). This drop is part of the general decline in the popularity of all kinds of chewing tobacco. Scrap has maintained, however, a relatively larger share of the chewing market than the other kinds of chewing tobacco. Nevertheless, it accounts for less than 2 percent of the total tobacco consumption.

There is no information on the rate of consumption of scrap chewing except that this form of tobacco consumption is highest in industries where smoking is not allowed on the job. The amount of chewing tobacco now consumed per potential user is about one-fifth that of the 1920's.

## MANUFACTURING CIGARS AND SCRAP CHEWING TOBACCO

The cigar manufacturer must be skillful in choosing for his blends the types of tobacco which will satisfy the consumers' tastes and price preference enough to be marketed at a profit. But the cigar manufacturer's task does not end with the selection of types of tobacco. He also must select the tobacco within the type by grades. These decisions, of course, are particularly important to the growers of the different types and grades of cigar leaf tobacco. A grade is used by the cigar maker in selecting tobacco to meet the requirements of different parts of the cigar: filler, binder, and wrapper. Since different grades of tobacco are used in the different parts of the cigar, even "clear Havana" and Italian cigars are blended cigars. Clear Havana cigars are manufactured of tobacco produced only in Cuba; Italian cigars are made of dark, fire-cured tobacco.

Cigars made with Cuban tobacco have enjoyed a reputation for quality since the importation of "Spanish seegars" in colonial days (1, pp. 7-9). Before the embargo on Cuba most "clear Havana" cigars were produced in bonded warehouses under the supervision of the Bureau of Customs. They never have been produced in large

volume; in recent years they accounted for less than 4 percent of total U.S. cigar production. Before the 1962 embargo, most imported cigars came from Cuba and sold for 20 cents, Class G. Cuban tobacco was also used in "Havana filler" cigars.

## Types of Leaf Used in Cigars

Each type of domestic cigar leaf tobacco is generally associated with its special use in one part of the cigar, that is, filler, binder, or wrapper, and is classified under the Federal system of grades for tobacco. Pennsylvania type 41, Ohio types 42-44, and Puerto Rican type 46 are designated as Class 4 filler. The Connecticut types 51 and 52 and the Wisconsin types 54 and 55 are in Binder Class 5, and Connecticut Valley shade-grown type 61 and the Georgia-Florida shade-grown type 62 are in wrapper Class 6. 2/

The only data available that give an indication of the quantity of cigar leaf tobacco used over a period of years are the calculated disappearances of each type (12, table 1). These data do not show the separate quantities going into the production of cigars, scrap chewing, or tobacco sheet (reconstituted tobacco binder). The varying quantities of these products manufactured from year to year influence the quantity and price of the several types of cigar leaf used. To obtain additional information on the use of cigar leaf tobacco, in a survey the U.S. Department of Agriculture asked manufacturers of cigars and scrap chewing tobacco to report the amount of tobacco used in the production of cigars and scrap chewing for 1960 and 1961. The Department also requested estimates of the quantity of tobacco sheet used during these years. Manufacturers producing over 90 percent of the cigars and scrap chewing manufactured in 1960 and 1961 complied with this request (table 1).

Table 1.--Cigars and scrap chewing: Production reported by principal manufacturers, 1960-61

| Type of tobacco production | Unit | 1960 | | | 1961 | | |
|---|---|---|---|---|---|---|---|
| | | Total | Reported | Percentage reported | Total | Reported | Percentage reported |
| Cigars | Millions | 7,189 | 6,594 | 92 | 6,996 | 6,480 | 93 |
| Scrap chewing | 1,000 lb. | 31,972 | 31,134 | 97 | 32,748 | 31,832 | 97 |

The cigar manufacturers reported that about two-thirds of the tobacco they used in producing cigars during 1960 and 1961 was domestic leaf tobacco; the other third consisted of imported tobacco, tobacco sheet, and blended tobacco not identified by types (table 2).

Varying quantities of these types, however, are used for products outside their class designation. For example, very little Southern Wisconsin type 54 is used in cigars, but it is used almost entirely for scrap chewing tobacco. Substantial quantities of Northern Wisconsin type 55 and Pennsylvania type 41 are also used in scrap chewing, as are smaller quantities of the other types. In recent years, a large proportion of Connecticut binder types 51 and 52 have gone into cigars in the form of tobacco sheet.

2/ Tobacco types are carried regularly in Annual Report on Tobacco Statistics, U.S. Department of Agriculture, Consumer and Mktg. Serv.

Table 2.--Tobaccos used in U.S. cigar production, 1960-61 1/

| Item | Tobaccos | |
|---|---|---|
| | 1960 | 1961 |
| | Percent | |
| Domestic farm sales weight | 66.8 | 67.4 |
| Imported unstemmed weight | 21.9 | 21.5 |
| Blended scrap actual weight | 3.2 | 2.6 |
| Tobacco sheet actual weight | 8.1 | 8.5 |
| Total | 100.0 | 100.0 |

1/ Reported by 55 cigar firms. See appendix table 1.

Scrap chewing, tobacco sheet, and short filler for cigars are produced from the scrap recovered from handling and processing tobacco. Additional scrap is produced as the binder and wrapper are shaped to the cigar (cuttings), and as the cigar is clipped for length and neatness (clippings).

Most tobacco purchased by manufacturers and dealers is weighed as received from the growers for a farm sales weight (FSW). In addition to buying directly from growers, manufacturers also purchase from dealers tobacco in various forms such as, whole leaf stemmed tobaccos, and scrap filler tobacco. Since manufacturers now purchase the bulk of their tobacco directly from the growers before it is processed, they were requested to report the use of the domestic types in farm sales weight.

Imported tobacco comes into this country as unstemmed tobacco and stemmed tobacco, ("scrap"). The latter term originally was applied to pieces of tobacco recovered from the handling of tobacco. Today it also includes tobacco that has been processed to some degree by removal of stems by threshing. Most imported tobacco was reported on the basis of unstemmed equivalent, although some blends of tobacco used as filler and not identified by type were reported by actual weight of the tobacco as purchased. Tobacco sheet binder was also reported in terms of actual weight rather than on an unstemmed basis.

Class 4 (filler) types accounted for 70 percent of the domestic tobacco going directly into cigars, class 5 (binder) types for about 6 percent, and class 6 (wrapper) types, 11 percent (table 3). About half of the class 6 types are scrap recovered as cuttings, or defective or low-quality tobacco not suitable for wrappers. Over 10 percent of the domestic tobacco used for cigars was reported as noncigar types; the most important is Maryland type 32.

Table 3.--Domestic tobacco: Percentages, by types, used in U.S. cigar production, 1960-61

| Type | 1960 | 1961 |
|---|---|---|
| | Percent | |
| Continental filler 41-44 | 45.5 | 44.1 |
| Puerto Rican filler 46 | 24.3 | 26.1 |
| Connecticut Valley binder 51, 52 | 3.4 | 3.3 |
| Wisconsin binder 54, 55 | 2.5 | 2.5 |
| Shade-grown wrapper 61, 62 | 11.0 | 11.0 |
| Maryland type 32 | 7.4 | 6.7 |
| Other noncigar | 5.9 | 6.3 |

Source: Appendix table 1.

Imported tobacco reported by type made up almost one-fourth of the tobacco material used in cigars in 1960-61. Imports of all cigar tobaccos (including scrap) on an equivalent basis made up about 40 percent of all tobacco material used in cigars during these 2 years. The bulk in both years was Cuban. Manufacturers had begun conserving their Cuban tobacco by 1961 because of the possibility of an embargo. This reduction in Cuban tobacco was offset by increases from other countries, especially several Latin American countries. The percentage of Cuban tobacco in the total imported tobacco was:

| Tobacco type | 1960 | 1961 |
|---|---|---|
| | Percent | |
| Cuban | 84.3 | 75.4 |
| Other | 15.7 | 24.6 |

Cigar manufacturers obtain a part of their supply as blended filler. Some of this was not identified as to the type of tobacco, and some was identified in terms of the predominant type or types it contained. Similarly, the reports did not identify the types of tobacco in tobacco sheet. Blended filler and tobacco sheet made up the following percentages of total tobacco material used in producing cigars:

| Tobacco material | 1960 | 1961 |
|---|---|---|
| | Percent | |
| Blended filler | 3.2 | 2.6 |
| Tobacco sheet | 8.1 | 8.5 |

From every 1,000 cigars manufactured, an estimated 1 to 2 pounds of "scrap" in the form of cuttings, clippings, fine particles, and broken and discarded parts of leaves are recovered from the handling and processing of the tobacco. Much of this scrap is reconstituted into sheet binder. Based on data from the stocks report, it is estimated that an average sheet for cigar binder is made up as follows:

| | Percent |
|---|---|
| Scrap and equivalent stems | 49 |
| Unstemmed | 28 |
| Additional stems, other material | 23 |

The companies producing tobacco sheet are required under the Tobacco Stocks Act to report by type the quantity of tobacco used in the production of the tobacco sheet in stock on the reporting date. The tobacco is reported in terms of unstemmed and stemmed tobacco. Stems, in at least their proportion of the natural leaf, are added to this scrap when the tobacco sheet is produced. The percentage of stemmed material and equivalent stems, and of unstemmed tobacco, as reported in the stocks of cigar tobacco sheet, was:

| Item | 1960 | 1961 |
|---|---|---|
| | Percent | |
| Stemmed and equivalent stems | 49.0 | 53.8 |
| Unstemmed | 51.0 | 46.2 |

## Cigar Requirements

Any data on the weight of tobacco can only be approximate, because tobacco takes in and gives off water very readily. Also, the handling, sweating, and processing of the tobacco vary from firm to firm, with the crops of different years and, tobacco from different farms, and even with the leaves from different positions on the same plant, all of which affect the weight of the tobacco and the yield of processed tobacco.

The domestic cigar leaf type loses considerable weight from the time the grower delivers it (FSW) until it is placed at the machine to make the cigar or scrap chewing. The leaf's weight drops by about one-fifth during 2 years in storage through loss of moisture and physical and chemical changes which occur in sweating and aging. The removal of the stem reduces the weight further by from one-eighth to more than one-sixth, depending upon the types, uses, and classes of cigars to be made. The processed tobacco ready for the machine, secured from a pound of tobacco sold by the grower, runs from more than two-thirds to less than three-fifths a pound, again varying by the types of tobacco and use. Imported tobacco is aged and processed to varying degrees, depending on the country from which it was imported and its use in the cigar. The unstemmed imported tobacco yields about 62 percent processed tobacco (12, table 6).

The average weight of cigars, including the cigarillo size, is less than 16 pounds per 1,000. The cigars weigh about 90 percent of the 17 pounds of processed tobacco going to the cigar machine and accounts for about 60 percent of the weight of the tobacco as sold by the grower.

The amount of tobacco required for 1,000 cigars varies with the size and shape of the cigar. Table 4 illustrates the approximate weight of tobacco at various stages in the manufacturing process required to make 1,000 cigars during the time covered by the survey.

Table 4.--Tobacco required per 1,000 cigars and average weight of cigar components, 1960-61

| Manufacturing stage | Average weight | | | | | |
|---|---|---|---|---|---|---|
| | Cigarillos | Regular (over 10 lb. per 1,000) | Regular and Cigarillo | Filler | Binder | Wrapper |
| | Pounds | | | | | |
| Farm sales | 12.1 | 28.8 | 26.6 | 22.0 | 2.2 | 2.4 |
| Unstemmed | 10.0 | 23.7 | 21.8 | 18.0 | 1.8 | 2.0 |
| Machines | 8.2 | 19.1 | 17.3 | 13.4 | 2.4 | 1.5 |
| Cigars | 7.2 | 17.3 | 15.8 | 13.1 | 2.0 | .7 |

## Types of Leaf Used in Scrap Chewing

The scrap chewing manufacturers reported that over two-fifths of the tobacco they used was Pennsylvania filler type 41, nearly one-half was the Wisconsin binder types 54 and 55, and somewhat over one-tenth was other cigar types (table 5).

Table 5.--Types of tobacco going into scrap chewing, 1960-61

| Type | 1960 | 1961 |
|---|---|---|
| | Percent | |
| Pennsylvania type 41 | 43.1 | 39.4 |
| Wisconsin type 54 | 21.7 | 24.6 |
| Wisconsin type 55 | 24.3 | 23.3 |
| Other | 10.9 | 12.7 |

Source: Appendix table 9.

The manufacturers of scrap chewing buy tobacco from growers or dealers as leaf tobacco which they stem or thresh. They also buy tobacco from dealers as stemmed or threshed, as cuttings, other scrap, and other tobacco materials. Nine-tenths of a pound of tobacco (FSW) is used per pound of scrap chewing. This goes to the scrap chewing machine as .41 pound stemmed and threshed and .15 pound of cuttings and other tobacco materials, a total of .56 pound (aged weight). Additives, such as sirups, make up the difference between the .56 pound of tobacco materials used and the 1-pound manufactured weight.

## ESTIMATED COST OF MANUFACTURING CIGARS

The manufacturer includes the Federal excise tax as a part of his price to his customers. This must be taken out to get the amount he has to cover his other costs and any net return. These calculations are illustrated below for 1,000 cigars retailing at 8 cents and 10 cents.

| Item | Retailing at 8 cents | Retailing at 10 cents |
|---|---|---|
| | Dollars | |
| Price | 56.45 | 69.00 |
| Excise tax | -7.00 | -10.00 |
| Gross return | 49.45 | 59.00 |

In today's market, overhead expenses have become the largest cost item besides the cost of tobacco. Wages for production workers are the third largest item. Other costs are becoming significant as more attention is paid to packaging, the use of holders, and other items requiring nontobacco material.

Approximate averages to illustrate these several costs are given below, again for 1,000 cigars selling at 8 cents and 10 cents.

| Item | Retailing at 8 cents | Retailing at 10 cents |
|---|---|---|
| | Dollars | |
| Selling, administrative, general overhead | 11.29 | 13.80 |
| Wages | 8.75 | 10.40 |
| Other costs | 6.91 | 7.80 |

Manufacturers' provisions in 1962 for income taxes and a return on investment amounted to $4.35 per 1,000 cigars selling at 8 cents, and $5.35 for those selling at 10 cents. This leaves $18.15 for the tobacco going into a thousand 8-cent cigars and $21.65 for 10-cent cigars.

Losses in weight through aging and processing mean that the tobacco going into the cigar or into scrap chewing is from two-thirds to less than three-fifths the weight sold by the grower.

This handling and processing adds to the original cost of the tobacco. The costs of carrying the tobacco while aging and sweating, handling the tobacco and processing it into the wrapper, binder sheet, and short filler ready to go to the cigar machine, have been estimated at $4.25 and $5.95 for the tobacco going into a thousand 8-cent and 10-cent cigars, respectively. This leaves $13.90 and $15.70 for the farm value of the tobacco used in the respective cigars. The largest part of these farm values is used for the wrapper; the next largest value is for filler. Estimates of the farm value of domestic tobaccos (wrapper, sheet, and filler) used to produce 1,000 cigars at 1962 costs are:

| Item | Retailing at 8 cents | Retailing at 10 cents |
|---|---|---|
| | Dollars | |
| Wrapper | 7.20 | 8.15 |
| Sheet | .70 | .90 |
| Filler | 6.00 | 6.65 |
| | 13.90 | 15.70 |

## MARKET DEMAND FOR CIGAR TOBACCO

Tobacco growers can expect that adjustments will be necessary in the future as in the past. The one stable force in tobacco consumption, as pointed out in the section on consumption, is the total per capita consumption of tobacco in all forms. These data fluctuate within a very narrow range, except for such major changes as women taking up cigarette smoking and more men beginning to smoke as youths. The report of the Surgeon General's Committee on Smoking and Health states that "men smoking less than five cigars per day have death rates about the same as nonsmokers....For current pipe smokers, men smoking less that 10 pipefuls per day have death rates very close to those of nonsmokers." (13, p. 86) The number of cigarette smokers who stopped smoking cigarettes and changed to smoking cigars or pipes cannot be determined.

Fundamental to the future prospects for the cigar-leaf growers and the manufacturers of cigars and scrap chewing tobacco will be any shift from cigarettes to these products. A shift to scrap chewing is likely to be small. Pipe smoking will compete with cigars for the market of smokers who shift from cigarettes. Data on tobacco products going into trade channels showed substantial shifts from cigarettes to cigars and pipe smoking after the release of the reports. Such data are at best only indicators of changes for short periods. They are greatly influenced by changes in purchase and inventory decisions of wholesalers and retailers based on their short-term anticipations.

## Cigars

It has been pointed out that cigars never dominated the consumption of tobacco as cigarettes have done increasingly during the past 40 years. Cigar smoking in the United States has been limited almost wholly to men. Even with this limitation, the potential consumption of cigars is very large. If the same proportion of men who are 18 years of age and older smoked cigars now as in 1925, and if they consumed the same number of cigars on the average, total cigar consumption in 1963 would have been 11 billion instead of 7.3 billion. It can be expected that the cigar manufacturers will make every effort to make a reality of this potential market.

Cigar producers have taken several lines of action to increase their volume of business. Major emphasis has been placed upon increasing advertising and the total selling effort. Advertising budgets for 4 companies increased in 10 years from $10 million to $30 million. The selling costs and other general expenses increased from 17.1 cents per dollar of sales to 23.1 cents from 1958 to 1963.

Modification of existing brands and the introduction of new brands and subbrands have also been used. This has been done to reach additional cigar smokers not using a manufacturer's current brand. The new cigars may be new blends, sizes, or shapes.

If sheet binder is used in the production of 1,000 cigars, 1.8 to 2.2 pounds of unstemmed equivalent tobacco are required for the binder, compared with 4.5 pounds of unstemmed needed for natural leaf binder. Since 0.85 of a pound of cuttings is recovered, however, the net tobacco required for natural leaf is 3.65 pounds. This is a saving of about half the leaf.

The search for new blends set off by the embargo of Cuban tobacco in February 1962 will continue to affect the utilization of cigar leaf tobacco. Cigars made from Cuban tobacco had been considered the most desirable by cigar smokers. It was estimated that before the embargo, two-thirds of the cigars produced contained Cuban tobacco. About one-tenth of these were clear Havanas or Havana filler cigars. Another 36 percent of the Cuban tobacco was blended into the filler of some of the cigars selling for 10 cents a piece or higher. This group made up about 30 percent of all cigars produced. The rest of the Cuban tobacco--about 19 percent--went into cigars selling for less than 10 cents and totaling another 30 percent of cigar production. This group consisted mostly of cigarillos and other small cigars averaging 7 pounds per 1,000.

Cigar manufacturers have increased not only the total number of cigars sold, but also the number in the medium and higher price ranges (over 8 cents). This was done in 1964 with 7.7 million pounds of Cuban tobacco compared with an estimated 41 million pounds before the embargo. These figures indicate that the manufacturers have been quite successful in developing blends which satisfy the smokers' desires concerning aroma and taste.

The significant change in use of cigar leaf since the embargo has been a shift from Cuban to other imported tobacco. The unstemmed equivalent of total imported tobacco disappearance per 1,000 cigars produced, for the past 3 years has been:

| Year | Pounds per 1,000 |
|---|---|
| 1961 | 7.22 |
| 1962 | 6.59 |
| 1963 | 7.20 |

This compares with 6.19, the average for the preceding five years, 1956-60 (8, Table 3).

The uncertainty about the situation in Cuba in the late 1950's caused two things to happen to tobacco imports. First, imports were increased from Cuba and the Philippines. Since World War II the latter had supplied the second largest amount of tobacco imports. Cuban imports increased to over 30 million pounds in 1958 and to 46 million in 1960. Imports from the Philippines increased to 10 million pounds in 1958. Second, a search was begun for other sources from which cigar tobacco could be imported. In 1959, nearly 6 million pounds were imported from Peru, the only country besides Cuba and the Philippines from which imports had come close to a million pounds since World War II. The only other year in which any substantial imports were reported from Peru was in 1962, when over 0.4 million pounds were reported. In 1960, more than a million pounds came from the Dominican Republic, Colombia, and the Netherlands. During the next 3 years, the following countries were added to the list from which over a million pounds were imported in one year: Argentina, Brazil, Indonesia, Paraguay, and Mexico. . The imports from some of these newer sources have fluctuated widely from year to year. This indicates the experimental nature of the use of their tobaccos. The following countries were the principal sources of imports in 1963: the Republic of the Philippines, Colombia, the Dominican Republic, and Brazil, in that order. The total from these countries was 33 million pounds, 86 percent of the total of 38.6 million pounds imported (appendix table 12).

The embargo of Cuban tobacco has raised the price of imported cigar tobacco, most of which is used for cigar filler. Except for Cuban tobacco, Brazilian is the highest priced of those imported in quantity in 1963. The unstemmed price was:

| Source | Cents per pound |
|---|---|
| Brazilian | 49 |
| Dominican | 39 |
| Colombian | 29 |

Philippine tobacco is imported mostly as partially processed tobacco called scrap. The average price for this in 1963 was 29 cents. A duty-free quota for Philippine tobacco of 5.2 million pounds was in effect for 1962-64. A duty of 12.6 cents per pound is paid on tobacco imported above that quantity, so the average price of scrap, including the duty, was 41.6 cents.

Imports of Philippine tobacco have been erratic in the last few years. This is the imported tobacco which is most competitive in price with domestic filler tobacco. Because of its low cost, Philippine tobacco probably will benefit from an increase in the production of cigars, especially in the lower price brackets. Tobaccos from Brazil, Colombia, and the Dominican Republic appear to have made a place for themselves in the blends for some cigars.

The yield of filler, binder, or wrapper from the tobacco as purchased, in addition to price, affects the cost of tobacco per unit of cigars or scrap chewing. Differences in the quantity of moisture and the amount of stem material which is removed cause the yield to vary among different types of tobacco. The variation in the cost of the tobacco in the manufactured product can be illustrated with three types used for

cigar filler. The prices paid, the yield or short filler, and the resulting cost per pound of yield are given below:

| Item | Price | Yield | Cost per lb. of yield |
|---|---|---|---|
| | Cents | Percent | Cents |
| Pennsylvania (FSW) | 28 | 58.2 | 48.1 |
| Puerto Rico (FSW) | 38 | 64.5 | 58.9 |
| Philippine scrap quota | 29 | 92.0 | 31.5 |
| Philippine scrap with duty | 41.6 | 92.0 | 45.2 |

The use of the two Connecticut Valley binder types, as measured by the disappearance, the value of the crop, acreage, and production, declined by more than 70 percent from the 1951-55 to the 1959-61 crop years. The price, as well as volume of production, declined as the value of the crop fell by more than 75 percent for both types. The two Wisconsin types did not decline as much. Scrap chewing tobacco, in which most of the southern Wisconsin tobacco and much of the northern is used, declined some. However, the loss of much of the tobacco clippings as a source of raw material for the scrap chewing manufacturer worked to the advantage of the southern Wisconsin growers. It increases the price per pound for the southern type, leading to an increase in acreage and production. The crop value for this type increased substantially as a result of the increase in both price and production. (12, Table 1) Over half the Havana seed type 52 and about one-third of Northern Wisconsin type 55 went under loan in 1963. The average advance on the loan tobacco for Havana Seed was 41.9 cents; for Northern Wisconsin the advance was 34.1 cents. This compares with 41.6 cents and 31.6 cents respectively, the average the growers received for all tobacco sold commercially or going under loan. (2) In 1964, there was no commercial market for a very substantial part of the production of these two types. Below is shown the production and quantities of the 1963 crop going under loan at various loan rates for Havana Seed type 52 and Northern Wisconsin type 55.

| Item | Havana seed type 52 | Northern Wisconsin type 55 |
|---|---|---|
| | 1,000 pounds | 1,000 pounds |
| Production | 2,196 | 9,699 |
| Total under loan | 1,294 | 3,129 |
| Loan rate | | |
| Cents per pound: | | |
| Under 30 | 0 | 214 |
| 30-34 | 6 | 1,057 |
| 35-39 | 193 | 1,829 |
| 40 and over | 1,095 | 29 |

For the higher priced wrapper types, the reported farm price of Connecticut shade type 61 increased from 1960 to 1963. Florida shade did not share in this increase. The price for wrapper for the past 5 years was:

| Year | Connecticut Valley | Florida-Georgia |
|---|---|---|
| | Dollars | Dollars |
| 1959 | 2.10 | 1.95 |
| 1960 | 1.90 | 2.00 |
| 1961 | 2.35 | 1.90 |
| 1962 | 2.50 | 2.05 |
| 1963 | 2.65 | 2.05 |

Connecticut broadleaf type 51 is used as wrapper for some cigars, as natural binder, and as sheet binder. With the embargo of Cuban tobacco, there was some interest in using this type as cigar filler. It has had some use for this purpose, and in 1962-63, there was an increase in the quantity of broadleaf going into commercial channels as filler. Substantial quantities of loan stocks that had accumulated from 1955 were sold at this time. The price for the 1962 crop rose to 53.5 cents from the 1961 level of 43.3 cents. In the spring of 1964 the demand had not increased enough to maintain the price at its 1963 level, and the price decline to 48.5 cents. The 1964 decline in U.S. prices, when imported tobacco prices increased, raises the question of how successfully broadleaf can compete with the filler market.

The prices of the binder types have remained stable during the past 5 years. The largest fluctuations were on the broadleaf and Wisconsin types. Broadleaf increased 10 cents a pound from 1961 to 1962. But this brought forth an increase in harvested acreage of about one-fifth, with the result that the price dropped by 5 cents from 1962 and 1963. Northern Wisconsin dropped over 6 cents a pound from 1959 to 1960, largely due to a shift to sheet binder. The prices for the four binder types during the past 5 years were as follows:

| Year | Connecticut Broadleaf | Havana Seed | Wisconsin | |
|---|---|---|---|---|
| | | | Northern | Southern |
| | Cents | Cents | Cents | Cents |
| 1959 | 45.0 | 41.2 | 37.1 | 29.3 |
| 1960 | 44.0 | 42.5 | 30.6 | 28.0 |
| 1961 | 43.3 | 40.6 | 29.6 | 28.7 |
| 1962 | 53.5 | 42.5 | 29.1 | 29.3 |
| 1963 | 48.5 | 41.6 | 31.6 | 30.0 |

Each of the cigar filler tobaccos has had a different price trend. Pennsylvania prices were low in 1962 and 1963, partly because of the effect of the weather on quality. Ohio filler has been stable, while Puerto Rican prices have increased 8.6 cents a pound.

There was a substantial increase in the disappearance of Pennsylvania filler with the crop year beginning in October 1962. The disappearance for 1962 was 54.9 million pounds, compared with 48 million pounds or less for the preceding 3 crop years. Offsetting this favorable indication, however, was the fact that not all growers found a commercial outlet for their tobacco. The Farm Bureau Cooperative took 2 million pounds of the 1962 crop, and approximately 3.9 million pounds of the 1963 crop. This, together with the lower price for 1962 and 1963, makes uncertain the extent to which this type would be favored by additional demand for cigar filler.

The increase in the price of Puerto Rican tobacco type 46, and the increase in the processing of tobacco and the manufacture of cigars in Puerto Rico, evidence an increased interest in that type. Prior to the 1963 crop, Ohio filler types 42-44 averaged 28 cents a pound, and none had been placed under loan for several years.

The price for the 1964 crop dropped to 27 cents (with nearly a tenth of the crop grown under loan) as shown in the tabulation below:

| Year | Pennsylvania | Ohio | Puerto Rican |
|---|---|---|---|
| | Cents | Cents | Cents |
| 1959 | 31.5 | 27.3 | 32.2 |
| 1960 | 28.0 | 28.1 | 34.2 |
| 1961 | 27.0 | 28.3 | 37.2 |
| 1962 | 23.5 | 28.2 | 38.0 |
| 1963 | 21.0 | 27.1 | 40.8 |

The increase in stem material in short filler and the increased proportion of cigarillos and other cigars of relatively small sizes will mitigate the increase in the quantity of tobacco used with any given increase in the production of cigars.

The trend in wage rates has been upward, and the proportion of the sales dollar for advertising and other sales effort has been increasing. These increases in costs will affect the amount of funds available for the purchase of tobacco. Advertising expenditures are of particular concern; much depends upon whether these outlays are successful in increasing the demand for cigars.

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Table 6.--Tobacco used in cigars by type, 1960 and 1961 1/

| Type and number | 1960 | 1961 |
|---|---|---|
| | 1,000 lb. | 1,000 lb. |
| Domestic (farm sales weight): | | |
| Maryland 32 | 8,424 | 7,571 |
| Other noncigar 11-14, 21-23, 31, 35, 37 | 6,644 | 7,170 |
| Continental Filler 41-44 | 51,530 | 49,721 |
| Puerto Rico 46 | 27,525 | 29,467 |
| Broadleaf 51 | 1,504 | 1,355 |
| Havana Seed 52 | 2,343 | 2,329 |
| Wisconsin 54-55 | 2,822 | 2,771 |
| Connecticut Shade 61 | 6,654 | 6,498 |
| Florida Shade 62 | 5,857 | 5,898 |
| Total domestic | 113,363 | 112,780 |
| Imported (Unstemmed): | | |
| Cuba 81 | 31,334 | 27,123 |
| Philippine 83 | 4,751 | 4,934 |
| Other 82, 84-88 | 1,116 | 4,079 |
| Total imported 2/ | 37,201 | 36,136 |
| Blended scrap, actual 3/ weight 4/ | 5,485 | 4,273 |
| Cigar tobacco sheet 3/ actual weight | 13,856 | 14,345 |

1/ Reported by 55 firms producing 6,574 million cigars in 1960 and 6,480 million in 1961.

2/ These data are for imports by types; however, when all imports for consumption are considered, total imports for cigars approach 40 percent.

3/ Not reported by type.

4/ A considerable quantity of the Philippine tobacco imported goes into blended filler. Some blend filler was reported by type above.

Table 7.--Tobacco used as long filler, short filler, wrapper, natural binder, and sheet for regular cigars and cigarillos, 1960 and 1961 1/

| Type | 1960 | | | | 1961 | | | |
|---|---|---|---|---|---|---|---|---|
| | Regular Cigars 2/ | Cigarillos 3/ | Pounds per 1,000 | | Regular Cigars 2/ | Cigarillos 3/ | Pounds per 1,000 | |
| | | | Cigars | Cigarillos | | | Cigars | Cigarillos |
| | 1,000 lb. | 1,000 lb. | Pounds | Pounds | 1,000 lb. | 1,000 lb. | Pounds | Pounds |
| Long filler 4/ | 12,734 | --- | --- | --- | 12,003 | --- | 2.1 | --- |
| Short filler 4/ | 71,385 | 4,243 | 12.3 | 5.9 | 72,268 | 3,784 | 12.6 | 5.8 |
| Wrapper 5/ | 11,964 | 836 | 2.1 | 1.2 | 12,046 | 767 | 2.1 | 1.2 |
| Binder natural 5/ | 5,957 | 16 | 1.0 | --- | 4,110 | 15 | .7 | --- |
| Sheet 4/ | 12,680 | 978 | 2.2 | 1.4 | 13,237 | 916 | 2.3 | 1.4 |

1/ 50 firms reporting data by class of cigars, producing in 1960 719 million cigarillos and 6,496 million other cigars, in 1961 657 million cigarillos and 5,721 million other cigars.
2/ Cigars weighing 10 lb. and over.
3/ Cigarillos, 3 to 10 lb.
4/ Actual pounds delivered to the cigar machine.
5/ Unstemmed tobacco.

Table 8.--Average weight per 1,000 cigarillos and regular cigars, and the parts of the cigar, filler, binder, and wrapper 1/

| Type | Cigar | Filler | Binder | Wrapper |
|---|---|---|---|---|
| | Pounds | Pounds | Pounds | Pounds |
| Cigarillos | 7.21 | 5.68 | 1.07 | .47 |
| Cigars | 17.27 | 14.38 | 2.21 | .68 |

1/ Weights of 50 popular brands and sizes.

Table 9.--Tobacco used in scrap chewing by type, 1960 and 1961 1/

| Type and number | 1960 | 1961 |
|---|---|---|
| | 1,000 lb. | 1,000 lb. |
| Pennsylvania 41 | 12,096 | 10,964 |
| Broadleaf 51 | 1,147 | 1,181 |
| Wisconsin 54 | 6,094 | 6,867 |
| Wisconsin 55 | 6,809 | 6,511 |
| Other | 1,037 | 1,545 |
| Total by type | 27,183 | 27,068 |
| Blended scrap | 864 | 825 |

1/ Reported by 7 firms producing 31,134 lb. scrap in 1960 and 31,832 lb. scrap in 1961.

Table 10.--Estimated tobacco per 1,000 cigars 1/

| Item | Cigars weighing 15 lb. per 1,000 | | Cigars weighing 14 lb. per 1,000 | |
|---|---|---|---|---|
| | At machine | Farm sales weight 3/ | At machine | Farm sales weight 3/ |
| | Pounds | | | |
| Total filler | 12.7 | -- | 11.7 | -- |
| Imported 2/ | 6.0 | -- | 6.0 | -- |
| Domestic | 6.7 | 11.5 | 5.7 | 9.8 |
| Sheet | 2.1 | .8 | 2.0 | .8 |
| Wrapper | 1.4 | 2.1 | 1.3 | 1.9 |
| Less recovered scrap and waste | 1.2 | -- | 1.0 | -- |

1/ These estimated weights are approximate to illustrate variations by size of cigar and numbers of cigars produced.

2/ Assumed 7.2 lb. imported unstemmed tobacco per 1,000 cigars with 8.5 billion cigars imported tobacco would be 61.2 million lb.

10 billion cigars 72.0 million lb.
12 billion cigars 86.4 million lb.

3/ Assuming 0.3 pound unstemmed tobacco, 0.5 pound dried weight other tobacco from recovered scrap per pound of sheet.

Table 11.--Scrap chewing tobacco produced, stemmed and threshed tobacco and cuttings, and other tobacco material used, 1960-1961 1/

| Item | 1960 | 1961 |
|---|---|---|
| | 1,000 lb. | 1,000 lb. |
| Total scrap chewing | 31,134 | 31,832 |
| Stemmed and threshed | 13,260 | 12,765 |
| Cuttings and other tobacco material | 4,550 | 4,950 |

1/ As reported by 7 scrap chewing companies.

Table 12.--U.S. cigar leaf imports: Quantity, value, and price 1957-63 1/

| Commodity and country of origin | 1957 | | | 1958 | | |
|---|---|---|---|---|---|---|
| | Quantity | Value | Price per lb. | Quantity | Value | Price per lb. |
| | 1,000 lb. | 1,000 dol. | Dol. | 1,000 lb. | 1,000 dol. | Dol. |
| Cigar filler (Stemmed) | | | | | | |
| Argentina | --- | --- | --- | --- | --- | --- |
| Brazil | --- | --- | --- | --- | --- | --- |
| Colombia | --- | --- | --- | --- | --- | --- |
| Cuba | 8,896 | 12,857 | 1.45 | 8,797 | 12,270 | 1.39 |
| Dominican Republic | --- | --- | --- | --- | --- | --- |
| Mexico | --- | --- | --- | --- | --- | --- |
| Republic of the Philippines | 235 | 76 | .32 | 327 | 106 | .32 |
| Other | 121 | 59 | .49 | 66 | 13 | .20 |
| Total | 9,252 | 12,992 | 1.40 | 9,190 | 12,389 | 1.34 |
| Cigar filler (Unstemmed) | | | | | | |
| Argentina | --- | --- | --- | --- | --- | --- |
| Brazil | --- | --- | --- | --- | --- | --- |
| Colombia | --- | --- | --- | --- | --- | --- |
| Cuba | 14,830 | 10,391 | .70 | 16,171 | 10,899 | .67 |
| Dominican Republic | --- | --- | --- | 24 | 5 | .21 |
| Indonesia | --- | --- | --- | --- | --- | --- |
| Mexico | --- | --- | --- | --- | --- | --- |
| Netherlands | 2 | 2 | 1.00 | --- | --- | --- |
| Paraguay | --- | --- | --- | --- | --- | --- |
| Peru | --- | --- | --- | --- | --- | --- |
| Republic of the Philippines | --- | --- | --- | 4,264 | 287 | .07 |
| Other | 13 | 6 | .46 | 11 | 4 | .36 |
| Total | 14,845 | 10,399 | .70 | 20,470 | 11,195 | .55 |
| Scrap | | | | | | |
| Argentina | --- | --- | --- | --- | --- | --- |
| Cuba | 5,457 | 3,272 | 1.97 | 6,977 | 3,869 | .55 |
| Republic of the Philippines | 6,560 | 1,936 | .29 | 5,479 | 1,774 | .32 |
| Other | 47 | --- | --- | 185 | 17 | .09 |
| Total | 12,064 | 5,215 | .43 | 12,641 | 5,658 | .45 |
| Wrapper (Unstemmed) | | | | | | |
| Cuba | 442 | 1,565 | .35 | 352 | 1,373 | 3.90 |
| Indonesia | 120 | 742 | 6.18 | 146 | 958 | 6.56 |
| Other | --- | --- | --- | --- | --- | --- |
| Total | 562 | 2,307 | 4.10 | 498 | 2,331 | 4.68 |

Continued--

Table 12.--U.S. cigar leaf imports: Quantity, value and price 1957-63 1/--continued

| Commodity and country of origin | 1959 | | | 1960 | | | 1961 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Quantity | Value | Price per lb. | Quantity | Value | Price per lb. | Quantity | Value | Price per lb. |
| | 1,000 lb. | 1,000 dol. | Dol. | 1,000 lb. | 1,000 dol. | Dol. | 1,000 lb. | 1,000 dol. | Dol. |
| Cigar filler (Stemmed) | | | | | | | | | |
| Argentina | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Brazil | --- | --- | --- | --- | --- | --- | 2 | 1 | .50 |
| Colombia | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Cuba | 10,155 | 14,201 | 1.40 | 7,580 | 12,074 | 1.59 | 5,935 | 10,330 | 1.74 |
| Dominican Republic | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Mexico | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Republic of the Philippines | 193 | 68 | .35 | 512 | 147 | .29 | --- | --- | --- |
| Other | --- | --- | --- | --- | --- | --- | 21 | 11 | .52 |
| Total | 10,348 | 14,269 | 1.38 | 8,092 | 12,221 | 1.51 | 5,958 | 10,342 | 1.74 |
| Cigar filler (Unstemmed) | | | | | | | | | |
| Argentina | --- | --- | --- | --- | --- | --- | 7 | 2 | .29 |
| Brazil | 2 | 1 | .50 | 185 | 73 | .39 | 1,744 | 758 | .43 |
| Colombia | 2 | # | --- | 1,423 | 299 | .21 | 5,627 | 1,324 | .23 |
| Cuba | 24,263 | 14,587 | .60 | 26,084 | 19,917 | .76 | 12,500 | 10,723 | .86 |
| Dominican Republic | 636 | 156 | .24 | 3,357 | 782 | .23 | 5,778 | 1,498 | .26 |
| Indonesia | 4 | 2 | .50 | 259 | 54 | .21 | 1,294 | 291 | .22 |
| Mexico | --- | --- | --- | --- | --- | --- | 4 | 1 | .25 |
| Netherlands | 4 | 1 | .25 | 1,338 | 575 | .43 | 116 | 37 | .32 |
| Paraguay | 6 | 1 | .17 | 372 | 56 | .15 | 1,346 | 209 | .15 |
| Peru | 5,863 | 630 | .11 | --- | --- | --- | --- | --- | --- |
| Republic of the Philippines | 2,801 | 337 | .12 | 150 | 43 | .29 | 232 | 72 | .31 |
| Other | 30 | 10 | .33 | 24 | 2 | .08 | 36 | 55 | 1.53 |
| Total | 33,611 | 15,725 | .47 | 33,192 | 21,801 | .66 | 28,686 | 14,970 | .52 |
| Scrap | | | | | | | | | |
| Argentina | --- | --- | --- | --- | --- | --- | 55 | 12 | .22 |
| Cuba | 7,529 | 4,185 | .56 | 11,860 | 6,586 | .55 | 4,931 | 3,081 | .62 |
| Republic of the Philippines | 6,416 | 1,999 | .31 | 9,727 | 2,743 | .28 | 10,646 | 3,302 | .31 |
| Other | 1,703 | 153 | .09 | 376 | 64 | .17 | 822 | 199 | .24 |
| Total | 15,648 | 6,337 | .40 | 21,963 | 9,393 | .43 | 16,454 | 6,594 | .40 |
| Wrapper (Unstemmed) | | | | | | | | | |
| Cuba | 748 | 2,836 | 3.79 | 830 | 2,940 | 3.54 | 550 | 2,043 | 3.71 |
| Indonesia | 7 | 59 | 8.42 | 2 | 19 | 9.50 | 5 | 33 | 6.60 |
| Other | --- | --- | --- | --- | --- | --- | 18 | 84 | 4.67 |
| Total | 755 | 2,895 | 3.83 | 832 | 2,959 | 3.56 | 573 | 2,160 | 3.77 |

--Continued--

Table 12.--U.S. cigar leaf imports: Quantity, value, and price 1957-63 1/--Continued

| Commodity and country of origin | 1962 | | | 1963 | | |
|---|---|---|---|---|---|---|
| | Quantity | Value | Price per lb. | Quantity | Value | Price per lb. |
| | 1,000 lb. | 1,000 dol. | Dol. | 1,000 lb. | 1,000 dol. | Dol. |
| Cigar filler (Stemmed) | | | | | | |
| Argentina | 32 | 14 | 0.44 | 12 | 15 | 1.25 |
| Brazil | 113 | 84 | .74 | 1,925 | 1,615 | .84 |
| Colombia | 5 | 2 | .40 | 47 | 54 | 1.15 |
| Cuba | 1,285 | 2,009 | 1.56 | --- | --- | --- |
| Dominican Republic | --- | --- | --- | 180 | 236 | 1.31 |
| Mexico | 2 | 1 | .50 | 259 | 196 | .76 |
| Republic of the Philippines | 92 | 46 | .50 | 2,321 | 688 | .30 |
| Other | 115 | 68 | .59 | 323 | 322 | 1.00 |
| Total | 1,644 | 2,223 | 1.35 | 5,067 | 3,126 | .62 |
| Cigar filler (Unstemmed) | | | | | | |
| Argentina | 496 | 91 | .18 | 44 | 11 | .25 |
| Brazil | 1,465 | 805 | .55 | 2,344 | 1,144 | .49 |
| Colombia | 7,793 | 2,152 | .27 | 8,829 | 2,598 | .29 |
| Cuba | 3,453 | 2,850 | .82 | --- | --- | --- |
| Dominican Republic | 5,447 | 1,823 | .33 | 6,528 | 2,517 | .38 |
| Indonesia | 1,608 | 845 | .52 | 1,853 | 905 | .49 |
| Mexico | 535 | 179 | .33 | 932 | 320 | .34 |
| Netherlands | --- | --- | --- | 9 | 3 | .33 |
| Paraguay | 1,353 | 256 | .19 | 796 | 151 | .19 |
| Peru | 444 | 33 | .07 | --- | --- | --- |
| Republic of the Philippines | 53 | 13 | .24 | 113 | 33 | .29 |
| Other | 660 | 229 | .35 | 244 | 309 | 1.27 |
| Total | 23,307 | 9,296 | .40 | 21,692 | 7,991 | .37 |
| Scrap | | | | | | |
| Argentina | 606 | 296 | .49 | 358 | 185 | .52 |
| Cuba | 1,643 | 1,225 | .75 | --- | --- | --- |
| Republic of the Philippines | 11,912 | 3,517 | .29 | 10,181 | 3,013 | .30 |
| Other | 872 | 303 | .35 | 1,076 | 501 | .47 |
| Total | 15,036 | 5,341 | .35 | 11,615 | 3,699 | .32 |
| Wrapper (Unstemmed) | | | | | | |
| Cuba | 17 | 110 | 6.47 | --- | --- | --- |
| Indonesia | 1 | 16 | 16.00 | 7 | 78 | 11.14 |
| Other | 97 | 170 | 1.95 | 170 | 663 | 3.90 |
| Total | 115 | 296 | 2.57 | 177 | 741 | 4.19 |

1/ CMA Statistical Record Bulletin July 20, 1964.

#Less than $500.